

INFORMATION REPORT

COUNTRY Germany (Russian Zone)

DATE DISTR. 27 Dec 1948

SUBJECT DWK Order on Use of Budget Surpluses

NO. OF PAGES 2

PLACE ACQUIRED

Document No. 3
FILE IN CLASS.

NO. OF ENCL'S.
~~LISTED BELOW~~

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SUPPLEMENT TO
REPORT NO.

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Following are extracts from an order of the Deutsche Wirtschaftskommission (DWK), dated 28 September 1948 and signed by Prof. Hermann Kastner. The order is addressed to the minister presidents and the finance ministers of the states in the Soviet zone.

Regulation Concerning Budget Surpluses of Territorial Bodies

The consolidation of the circulation of money, as well as the reconstruction and further development of the economy of the Soviet zone of occupation, requires the limitation of all expenditures which are not absolutely necessary, and the discontinuance of superfluous expenditures, on the part of public administrations and of all establishments which are financed from the budgets of the states, counties, and communities. Therefore the following is decreed:

1. All current expenditures from the budgets of the states, counties, and communities are, in principle, to be covered from current income.
2. Actual surpluses remaining at the end of the fiscal month of August 1948 in the budgets of the state, county, and local administrations (with the exception of cash on hand as of 31 August 1948) are to be immediately transferred to a special account "Fin W" in the Emissions- und Girobanken, to the credit of the finance ministers of the respective states. The sums entered as "Reserves" under Heading XXV in the 3rd and 4th quarters of 1948 are also to be assigned to this account. The sums received are to be entered by the banks separately by states, counties, and communities. Money deposited in these accounts may be withdrawn only upon special instructions from the DWK Main Administration Finance, or as provided in Paragraph 4 of this order. It is intended to have these sums used to cover the losses which the credit institutes of the states suffered in connection with the execution of the currency reform; the sums surrendered to the special accounts by the counties and communities will be applied, in the main, to covering any losses

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3. For clarification it is declared that the surpluses of the extraordinary budgets are not to be assigned to the special accounts, but continue to be available for the appropriated purposes.
4. In order to avoid stringency of cash in the case of especially impoverished counties and communities, the state governments are empowered to use up to 10% of the sums transferred to the special account by the counties and communities for the granting of special allocations. . . .
6. The above regulations make it necessary to introduce the following new bookkeeping entries:

<u>Heading</u>	<u>Chapter</u>	<u>State Budget</u>	<u>Section</u>	<u>Description</u>
State Budget				
	XXV	250	519d non-recurring expenditures	Assignment to Special Account Fin W
County Budgets				
	XX	209	519d non-recurring expenditures	Assignment to Special Account Fin W
	XX	209	31d non-recurring expenditures	Allocations from Special Account Fin W

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